

***United States Court of Appeals
for the Second Circuit***



APPENDIX

*Original with Affidavit of
mailing*

76-1034

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P/S*

United States Court of Appeals

FOR THE SECOND CIRCUIT

Docket No. 76-1034

UNITED STATES OF AMERICA,

Appellee,

—against—

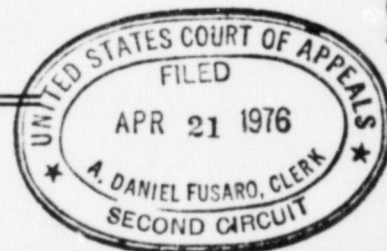
HARRY D. IACONETTI,

Appellant.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF NEW YORK

GOVERNMENT'S APPENDIX

DAVID G. TRAGER,
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Eastern District of New York.*



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Conversation Between Michael Lioi and Harry Iaconetti,
February 11, 1975.

MICHAEL LIOI (ML)

HARRY IACONETTI (HI)

(Inaudible)

ML: Okay. (Inaudible)

HI: What's happening?

ML: Not too much. Here I am running
around like a nut.

HI: That makes two of us

HI: Yeah.

ML: Yeah, you must have been busy. I
thought maybe I'd see you, you
know, this morning.

HI: I was going to try and get here
earlier

ML: Yeah?

HI: But, uh, I ran into a bit of a
snag.

ML: Yeah?

HI: So I figured maybe I'd straighten
out the snag first and then come here.

ML: Yeah right.

HI: Otherwise it's going to cause problems.

ML: What did you have? Another, uh,
preaward survey?

HI: No yours

ML: Oh, mine?

HI: Yours, ha ha ha

ML: Oh, oh, oh.

HI: Your preaward that's why I
figured I had better straighten
out the situation before I got
here. However, how did you make
out?

ML: All right, uh.

HI: Good.

ML: Let's, let's say this. Uh,
obviously you know I, I had a
chance to, uh, think about your,
you know, suggestion yesterday afternoon,
and, uh, uh, I think now, you know, what
I really. Why don't we, why don't
we cut through it all so that we can,
you know, discuss the thing clearly
and, uh, candidly and, uh, I think what
we need to know is exactly, you know,
what our options are. Okay.

HI: Oh.

ML: What it means, uh, now and ongoing uh. What exactly you know is, is involved? I have, have to.

HI: All right.

ML: Just hear that from you and we can talk some more.

HI: All right. I'll be able to justify a portion of it, otherwise, instead of all of it.

ML: When you say "otherwise", what do you mean?

HI: Well.

ML: You mean.

HI: Well, instead of justifying all of it.

ML: Yeah.

HI: And not having any trouble.

ML: Right.

HI: Then I can only be able to justify a portion of it and not have any trouble or not too much trouble. Let's put it that way.

ML: Well, how could we justify all of it and not have any trouble?

HI: Uh, going through what I (a telephone ringing) said yesterday (inaudible) to start with.

ML: Yeah.

HI: (Telephone ringing)
(Inaudible)

ML: Wait, let me just have her hold all calls, Okay. (Buzzer). Yes? Would you just tell him that I, I'm in with someone and may I please call him back just a little later? Okay. Thank you. All right now, let's, let's put it all out there.

HI: Right.

ML: So that I, I can really understand and make a decision, uh. Lay it all on me.

HI: Uh, like I said. Uh, I can probably go through a portion of it without any problem.

ML: Uh huh.

HI: Without any, without any hassle either way. Back or forth.

ML: Right.

HI: Ah, ah, to get the whole thing, we're going to have to do a lot of justification and to cut some of the ice you have to go that other route that we spoke about. What that means in no uncertain terms is that, uh, it will open up the doors for later on for the large similar type awards and maybe even larger, without too much of a hassle.

ML: When you, when you say, open up the doors, alright.

HI: In a sense, you know what I'm talking about.

ML: Well here is what I need to know. Are you saying even if we're maybe in a secondary position that we didn't come in number one or if we are low bidder, then there won't be any hassle. I mean I really got to know all the ground rules so that I know what the hell I'm doing.

HI: Well there isn't all the ground rules that you are asking. It's a simple thing. Either you are going to be, uh. Let me put it another way. Let, let. It is basically simple.

ML: Okay.

HI: Either I'll say you can do it or you can't do it.

ML: Right.

HI: And if you can do it, I can say, well you can do a portion of it, \$50,000 worth or a million and a half dollars worth depending.

ML: Mmmm.

HI: That's what it amounts to.

ML: There's no ground rules.
There's no (inaudible).

ML: Well what I was asking in effect was, uh, you know, would it only apply if, you know, we were already you know, the winning bidder, you know. We already were a bidder.

4th ...

ML:

Right.

HI:

It has to be justified. Okay. Preaward surveys are the determining factors as to whether a man can or cannot actually do the job as we see it.

ML:

Mmm.

HI:

Umm, it depends on many other factors that we go through which we only went through a very small portion of yesterday. All these factors are weighed. Some of them, just by saying, well, the man didn't even have the Specs, I don't think he should have the job and fine. You didn't have the specs, yesterday. I could say, "Okay, sorry" (inaudible) That's a very simple form of it. Now we can go into other forms of it. It's it's not as complicated as you think it is.

ML:

No?

HI:

(Inaudible) It's not. It's a very simple thing. We can actually sometimes justify something and other times we can't. Other times we say hey listen, uh, I'm going to give you a \$100,000.00. I want that contract, but I can't. It's impossible. I can't justify you. In other words, there wouldn't be any way. There would be no justification all the way up the line and I would tell you like I would say MIKE, I can't do it.

ML:

All right. You made, uh, you made a suggestion.

HI:

Yes.

ML:

Yesterday afternoon, uh, and we kind of kicked it around a little bit.

HI:

Right.

ML:

What, what is, uh, your requirement on the whole award because obviously you know we were the low bidder for about a million and a quarter and also you're, you're.

HI:

And the secondary.

ML:

And you said that.

HI:

I wanted to see you get that because I think you got a nice dollar value in there on the secondary.

ML:

So.

HI:

Which means we knock out the primary.

Yeah, (inaudible) primary

I mean, look, I'm not a starving individual. I'm not a hungry individual. I'm a man of means. I'm a man I make money in the market. I make money in business and. Uh, so I'm open to. Ah, I'm not going to say hey, I have to justify this upstairs, I want mine too. I'm not that way, if you know me for the next 20 years you will know how I am, really and you will know that there are times when I won't even discuss something with you but I will go ahead and do it for your benefit whether you know it or not. Like, like there are times when I have to justify something you know. (Inaudible) a financial problem (inaudible) I did it. That's the kind of person I am and you will probably get to know it as I go along in the years to come. Hopefully, we'll have a long relationship. I hope.

ML: You, you probably know us you know fairly well.

HI: I know, you were starting three years ago and I know you did a little, you know, starting then.

ML: And as far as our ability you know, you're familiar with that because you have seen enough envelope plants so you yourself don't have any problems as far as our capability to handle this size, uh

HI: I've been in envelope plants all over. I've seen the biggest ones and the smallest ones.

ML: How, how do we stack up.

HI: I've turned them down.

ML: ~~Minimum~~.

HI: I found, found things and I just wrote them up and turned them down. I could have turned you down even the past couple of times. I didn't want, I didn't. I felt that --- as a matter of fact (inaudible) I think I remember a statement I said. Well this is a small dollar item. I don't know why we're even doing pre-award, I hope you get to do some of the big ones, and I was happy when I saw the pre-award that you were going to have the big ones, which I was very happy about. I hope you got the whole thing. I wish you could get something like \$8,000,000.000 in the,

in the (inaudible) rather that get the one and a half. It's to your benefit. I would like to see your people grow, like I said some day, 10, 15, 20 years from now, I might want to look for a sweeper's job. So, I'll say, hey listen, I could use that job you got there and I'll take it, if you got it open. But in any sense of the word, I'm an advocate of one hand washing the other at one time or another. If I can do something for you now, maybe some day you can do something for me and visa versa. It's the way it works out. And, monetarily, like I said, I'm not a pauper. I drive an El Dorado. I've got a beautiful home I'm buying another home as soon as I sell (inaudible), that much I can't do, I can't have two homes, but I do all right in the stock market. So like I said, even if I don't know, it doesn't matter. It doesn't make a bit of difference. I'll love you because you're a guy that I have an honest admiration for and I admire the fact that you took over the company and you are working it up. You started with \$3,000,000.00 and you are bringing it up to 750,000,000.00 in side of no time and I mean this. I am not worried MIKE, believe me. You will know me as you go along. I'll tell you the truth and if, somethings isn't right, I'll tell you and I'll say it in no uncertain terms either, I'm not the most diplomatic guy in the world, but I try to be. (Inaudible) knowing Hey, what are you trying to do, you know?

ML:

Well on the other awards that we have won in the past you know. We've just bid and we came in with what we felt we could live with and we got it and you came in for a preaward survey and

HI:

You got it.

ML:

And, and that was it.

HI:

Right.

ML:

Okay. So now we are talking about a larger contract.

HI:

To justify, right.

ML:

To justify and, uh, you're comfortable with our ability to perform the things

so that we don't have you going out on, on a limb as far as our capabilities are concerned. We can certainly manufacture you know that quantity.

HI:

You say I'm comfortable with that knowledge. Right? Not quite. I could find reasons to turn it down, I could turn it down. I could have turned it down yesterday.

ML:

I, I realize. I understand.

HI:

I'm not going to but. I mean because I happen to, if you say to me, "Hey listen, I don't want to, I don't want to talk your money with you or whatever it turns out you want to express it" fine MIKE. I'd be the best of friends with you no matter what, but if things happen don't blame me, because it's beyond my control.

ML:

I understand.

HI:

But I can see to it that things don't happen.

ML:

Right.

HI:

But that's all.

ML:

Right.

HI:

You've got a friend here no matter what happens and you will always have a friend whether we have any relationship or we don't. I'm the last guy in this world who is ever going to do you any harm. As a matter of fact, wrong again. I'll never do any harm to any, to any of my contractors. I don't believe in it. I like to see everybody get in there and make money and go higher in business. That's my, uh, that is one of the things that makes me happy.

ML:

Uh, all right, all right. Now I, I understand what you are saying and and you, you know, you made it clear already and obviously there are a lot of little technicalities in various reports etcetera.

HI:

Right.

ML:

And sure, you could turn down the whole thing or a part of it or whatever. That's not being questioned, uh.

I could even write up the whole thing an, as an affirmative.

Right.

Right.

Right.

HI: Without justification and once it gets to another, other signatures, and other people, and they say, sorry buddy, but you just haven't come up with the right leads even though you did this and that. This has happened.

ML: Right.

HI: Last year. Two out of three pre awards were, the year before, two out of three preaward surveys, I would knock them down and not one was ever questioned, even when the contract was that way. I could do this and get them knocked down and sorry but this is what the determination was, uh. Now maybe last year it was like maybe three out of five. Now it is like one out of two.

ML: Well, everything, everything just was you know, in the normal business sense, the last time around. You know, we bid, we got it. It was you know a \$50,000 amount or whatever it was.

HI: Or whatever it was.

ML: You know, you did the preaward survey, justified it, went upstairs with it, and they accepted it, then we got it and we performed very well.

HI: Right.

ML: We got a lot of compliments.

HI: Beautiful. That's what I like to hear.

ML: And so.

HI: It helps me to do a lot of justification when they see that.

ML: And so what we are saying to ourselves is a couple of things. Okay. Obviously we are no fools. We recognize that we could be disallowed here or a portion of it either way. It is just as bad for us because you know, we feel that we have the capability, you know.

HI: Not only that, I'm, I'm thinking about not now. I'm thinking about the future, I'm thinking about if we have to go the million and half justification. Maybe next time we have to come up with a second half justification. I would justify to me, we would justify to the other security.

Right.

HI: And not only that- It's a matter of insurance. That's what it really is MIKE, insurance that there's nobody upstairs that, ah, might have favoritism to other contractors, or bidders. Put it in that phrasiology.

ML: Okay, okay.

HI: Okay.

ML: Okay, um.

HI: Now if I didn't like you, I wouldn't even talk to you about this.

ML: Yeah, right.

HI: I would have sat down yesterday, wrote it up, and said, well, I'll be talking to you, or you'll be hearing from us And I would have walked out, and you would never -- I'd like to see you guys go further and further I don't want to repeat myself. (Inaudible) I like to sit down. I don't want (inaudible) I want to see millions, I want to see multi-millions.

ML: All right. You obviously had some discussion this morning. I take it.

HI: Yeah.

ML: So, okay, so you've kinda kicked it around a already.

HI: Yeah.

ML: I'm indicating that I'm all ears. All right. That's what I'm saying. Obviously we too have had an opportunity to, you know, when you when you brought the matter up to discuss it after you left and, uh, so I told my two associates.

HI: What were their feelings on it?

ML: Well, they, they want to hear more, you know, and that was one of the reasons. (inaudible)

HI: There is no more MIKE.

ML: Yeah.

HI: What do, they want to hear?

ML: All right, that was one of the reasons that I, I had a question or two. For instance one question is, well okay, would we get, you know, the secondary, the, ah, 65,000?

HI: I was thinking about that, for that, I'll be glad to.

ML: Mmmmm

HI: And, uh, uh, I would like to see you get that; for the dollar value is right in there. I do.

ML: Okay.

HI: I'll go all the way on that and my recommendations will show it.

ML: Yeah. Alright but that's a recommendation but we are talking about, as you put it yesterday, some "hurdles" in upper echelons to overcome.

HI: Yeah.

ML: As you said a minute ago, the insurance so that no one has any other favorites.

HI: Okay.

ML: But are you saying that, you know, we would get, period, we would get the secondary. Can you say that?

HI: I'll say something else even better. Okay?

ML: Okay.

HI: If you didn't get it, you'd get a portion of it back. O.K. how does that grab you.

ML: A rebate, huh?

ML: Everybody else has got one. General Motors, and Chrysler, in other words.

ML: All right.

HI: What I'm trying to say is that if the proper percentage is there and any portion that isn't there for you, you'll get a percentage, in the ratio difference, in return naturally. Because like I just said it's like insurance.

ML: All right, I had, I had wondered whether it worked the other way. In other words, instead of a rebate.

HI: Don't, don't feel that because I am part of the Mafia that I have to do this. I'm only kidding, but, ah, no, it's a like insurance.

ML: I, I was curious as to whether you know you were in effect saying to me that is goes the other way rather than, uh.

ML: The secondaries?

and possibly I get a half of a percent, which is point five percent right? Uh, you can knock mine out, okay, as far as I'm concerned, I don't, I don't really need it. I really don't I mean, I'll be honest with you. You say hey, I can't afford you. Fine. Then I say don't, maybe next time around. You might say well, we did very well on the last one and you helped us out. You took care of some problems we had. You got rid of some complaints that came, uh, about, you saw to it that we didn't have to have all the (inaudible) that we saved a few thousand here and a few thousand there, next time around, put your percent in, put your 1/2 percent in. I'll say ok, thanks and I'll be happy with that. Besides what you'll be getting six months from now, it might even be larger, you know, amount,

ML: 1 1/2 percent of the total amount of the , of the contract, uh, including the secondary award which was another 65,000.

HI: Everything, everything.

ML: So we would be talking.

HI: One and a quarter plus a quarter, practically, with the option quantity one and one half, but don't count the option quantity, that's your gravy. We don't even want to talk about that. If you get it, we don't want to know about it. You got it, that's yours. Only the basic. You know what I mean?

ML: Yeah. So, on the basic it was like. Uh, a total contract award of a \$1,250,000 approximately.

HI: Yeah, something like that. 1.270.

ML: Plus about 65 or 67 (inaudible).

HI: Well, don't even figure that.

Unknown Male: Hi there, Hi. How are you doing?

ML: Okay, pretty good.

Unknown Male: Good.

ML: Don't count what, I'm sorry. I missed that.

HI: Don't count the secondary. The um, don't count the option quantity.

ML: Right. You mean that, what you could take in excess?

ML: Right.

HI: All over.

ML: Ok, but just on the basis of the actual contract, it was like a million and a quarter if I'm not mistaken.

HI: Yes, yeah, approximately.

ML: And the other basic amounts, or secondary award if the primary, uh, was knocked out was about another 65 or 67.

HI: Ah, 65 I think or 63 whatever. I don't know. I, if you want the figures I can give them to you, I have them in my attache.

ML: Yeah, yeah, yeah.

HI: Okay, here we go. (Inaudible) Oh well, I'll give you what I got, \$1,270,132.10 however, the breakdown is this way. The breakdown is items up to 200, 1,029,000 and up to item (telephone rings) 177,000 (telephone rings) And then the option is 63 and 1/2.

ML: All right. That's (buzzer) that's \$1,270,000.

HI: Right, that's what it is.

ML: And, all right. Let me get this-, yeah? I'll have to call him back, okay? All right so 1,270,000.

HI: Right.

ML: And, uh, 1 1/2 percent?

HI: Umm, that would be with me in it. But, you can discard mine.

ML: So, that would be one.

HI: That would be one, one percent, and there's a quarter in there if you want to remove it, you can, because I don't, uh, have to look after a certain, this is what the hassle was - that other individual. So you can, so you can even make it half. In other words, instead of one and one half, make it three quarters and that would solve your problem and that'll eliminate two segments.

ML: That would be, uh, \$9,525.

HI: Something like that, I guess. (inaudible). How does that come up with your figures you discussed? near it?

ML: that, uh, that could be, uh. ...

HI: It doesn't have to come all at once.

ML: That was another question.

HI: No I'll take care of the initial. In other words, I'll take care of the whole amount, and then you can take, well, a matter of a few months or whenever you have it you just pay me back. But in the meantime, I'll to insure it, I have to take care of it, That's what it amounts to, so, it makes it easier on you. Then like I said, It's a matter of insurance (inaudible) uh, what I work for when your way up there, in the real multimillion dollar ones, MIKE, then I'll say, "Gee, I'll I'll think about it." I'll take it into consideration. In the meantime, I want to see you really climb further. Okay, look at it that way. Look at it as a, um, um, look at it the way you want to look at it. Okay. You have your own opinion. You are a pretty bright guy so, so you look at it your way. So do you believe me?

ML: I believe you.

HI: Okay, so in other words, like I say. Right now, thank God, the stock market has been very good to me recently and I'm, I always keep a certain amount of money in the plans that I always make and I've been doing well. Inside of a week, ten days, I'll be making over a \$1,000 on a few transactions each time. So you see that gives me a little spending money.

ML: Obviously another thought occurs to us all right and that thought is that possibly, possibly, There, ah, and I'm just speaking candidly as I look at a situation that comes up for the first time you know.

HI: Oh, sure.

ML: I make my own observations and so the thought occurs to us that perhaps that there might not be any other individuals.

HI: Oh there are.

ML:

HI: There are.

ML: There are.

HI: Oh, oh. Okay.

ML: But the thought occurs what if, uh, if the contract was rejected.

HI: Right.

ML: All right.

HI: You get it all back.

ML: No I'm assuming that we say look we don't want to, we'd rather not, we don't want to play ball.

HI: Right.

ML: And the contract is rejected.

HI: Right.

ML: Uh we appealed it.

HI: Right. It would cost you 25,000 to appeal it, maybe 50,000.

ML: Of course, if there wasn't anyone else you know involved then perhaps we would win an appeal. If there was someone involved upstairs, as you are suggesting, then perhaps we would not. Uh, so it was just a passing thought (buzzer).

HI: Well, that passing thought is, uh, a thought I would probably come up with along with you, if I were sitting in your chair and you're sitting here. Because you don't know who it is and you never will.

ML: Right.

HI: And you'll only know the difference, but, you'll never know the individual.

ML: Right.

HI: Or individuals.

ML: We'll only see the result, that's what you are saying?

HI: Exactly.

ML: And the only way to test that is like Russian Roulette, we could spin the chamber and see if the gun goes off.

HI: Yeah. Let me put it another way. If that's the attitude that you may have on that, that, ah, that's ah, that shows a negative attitude and I would rather say MIKE, let our discussions be terminated and let's not even discuss (buzzer) any part of this further and let's just (inaudible). Okay, because it indicates something there.

ML: No.

HI: A little bit of mistrust.

ML: In academic curiosity since as I told you yesterday, I'm kind of a novice at this sort of thing.

HI: So am I. So am I.

ML: And as you said a minute ago I, I see things once they do come up and I, I tend to probe, to find out you know how the game is, is played and so I just shared with you another thought as to another alternative but as you pointed out it would probably cost about \$25,000 in legal fees alone.

HI: It cost one company - now this was a legitimate case by the way. They were turned down. It wasn't my particular case but I got the results of it. It was for \$9800.00. I shouldn't even have said that, it gives you leverage to know who it might have been. It was a legitimate situation and the guy was turned down and he decided to fight it. He got his lawyers. The lawyers initially charged him 20,000. It didn't work out, they had to go for an appeal, another 15,000, that's 35,000. By the time they got finished it cost them in excess, I don't know how much, in excess, but in excess of \$50,000. He lost it. He not only lost the 980,000 in the award, he lost in excess of \$50,000 on that appeal.

ML: It was really legitimate?

HI: And it was purely legitimate. It happened. It just couldn't be justified and the guy just felt that he should have it. He figures, look I'm low bidder, and I should have this. Why, why am I being denied this and from what I gathered (inaudible) as far as our findings are concerned, and you never have to tell the findings, as far as our findings are concerned. You are not allowed, or you were not given an affirmative on this.

Oh. You would have to disclose the findings even though you, even so, you in a court case?

HI:

If the litigation goes to, let's see the federal court, un, the supreme court and there's another court and one other, you have to disclose it but otherwise you don't have to. In other words really now say for instance, a bidder, is being up for preaward survey and after the term of the contract begins, he doesn't get any notification, then he finds out ABC Company got the award. Here is, how the hell did they get that. He was third on the low, but he got it. Well I'm going to make an issue of this. Well, nine times out of ten that doesn't mean a thing. And ya know. It's funny but maybe not now, maybe in a year or two from now, you'll realize a lot of good that comes of certain things. You gain a certain amount of friends, through me. And you might gain a certain amount of favors through me, and you might gain a certain amount of, let's just say for instance, somebody couldn't deliver. And, the contracting officer will say, well look, we'll give somebody else these other items. Not the ones you have but other items and he'll say well, he couldn't deliver, and you have two or three in your area, that have contracts. Who do you recommend for, maybe we can give an additional 300,000 or 4000,000 or half million or whatever the case might be, any amount of dollar value. Who do you recommend, and over the phone, we just give a guy's name and give the purpose as to why we feel that he can do it, we can, we've had experience, you know, we can justify it verbally. There's no preaward for the additional amount. Then you finally get (inaudible) -- that we are considering you for a, at the prices you have in your bid, even though you didn't get it. You will get now. Even if the contract is awarded, the guy that lost it has to pay the difference to the government. In other words, say your item was \$1.10, his was \$1.00. He had the contract and he couldn't deliver. And now we give it to you for \$1.10, he's got to pay up the difference of \$.10. A lot of little things, that after a while, you won't even know you that we're doing this for you. But, you'll find the benefits coming in. It's nice to have friends uh, I found this out. I, I (inaudible) came up from the United States, ah, the Atomic Energy Commission and, uh, I had a lot of friends there, and mostly, (inaudible) that you can't (inaudible) there's reasons why you can't uh, I had a lot of friends because of, ah certain -- But I, I can go on and on explaining that by the way and I'd take a lot of your time and I'm not going to finish this, but in the end, it's good to have friends. There's a lot of good in it. You also benefit by it. In other words,

ML: That surprises me, uh, as far as, ah, you're saying that, uh, it doesn't happen in the Atomic Energy Commission. That it can't happen there.

HI: It can't. I know why it can't, but it can't.

ML: I wouldn't think probably there is anywhere where it can't happen.

HI: Well, I could, I could explain but it would probably take a good part of an hour to go through all of the ramifications of why.

ML: They really have a tight control uh.

HI: No, ah it has nothing to do with control. It has to do with each individual's integrity, for human life. That's all I'm going to say.

ML: Oh,

HI: You can't buy marginal

ML: I see.

HI: However, in awards now, it's another case. (Inaudible) there, I know, and I'll guarantee that you've read about it that you have probably heard about it and maybe you've seen it, there are the so called five percenters and that's with every service of the government.

ML: What's a five percenter?

HI: They give the awards to the contractors and get five percent off the top.

ML: oh, oh. oh!

HI: You know what's his name? Uh, what's JOHNSON'S friend, BOBBIE, um. BAKER?

ML: Right.

HI: Is that his name?

ML: Right.

HI: He was one of the original five percenters, not original, I'm sorry, (inaudible) he's one of the five percenters, the original goes back, maybe, you know, 1776, the first gun that was bought had a five percent tab on it, or whatever it might be. But, it has gone back and guess, cases throughout history, it may have come up. I may never have come up. Believe that. It's like

you hiring a salesman and you're paying him ten percent to get the contract or to get the order or whatever the case might be, and, uh, in a sense there is a little salesmanship in federal jobs with people of the government to help maybe sway orders to one side or another. The fact is it's human nature, it is, and, uh if you had talked to me about this a year or two ago or three years ago I would of laughed at you because I heard of it and didn't see it. But then I saw a lot of companies go by the wayside. I'd say "How the hell did that company ever go down?" They did such beautiful work and I've seen the work myself and how could they I mean, you know, you ask those questions.

ML:

What do you think of our work for example?

HI:

I like it.

ML:

You do?

HI:

I do. I do and uh, I think it's, it's fine fine work, uh, that was one of the reasons why I said that time after you took me on that plant tour and I said MIKE, I just hope you grow out of these small petty 18, and \$22,000 and you get into the multimillion ones. I'm still hoping for that and I think you will. I, I'll tell you one thing. If I had anything to do in the future pertaining to that, hopefully and I hope I do, I'll see that you do it, one way or another.

ML:

I was curious about one thing, uh. Do you, uh, handle only envelopes in your operation?

HI:

No.

ML:

Or is your agency like all paper products or just like a region for everything?

HI:

A region. We handle everything.

ML:

Everything. So it's not just paper products?

HI:

No, no. It happens that I happen to have a lot of these. Uh, and the most part of my salary in a sense. I have handled, uh, General Motors' cars, trucks, uh, items like uh, swingline, staplers. I handle those products, uh, paint rollers, chemicals, 120 different types of chemicals that we buy, I could mean really you name it.

ML:

I see.

HI:

I have contracts of every type I've bought merchandise, uh, category wise, I'll take a ball park guess, maybe 40, 45 different type items, types, - - - Class, items of course in one class you, you could have 30 to 40 different, you know, items, but they are all the same (inaudible)

ML:

You know, you read in the ah, papers or see on TV one industry component or another you know where a contract is awarded, you know, you read what happened in a particular situation somehow envelopes never occurred to me. It's such a lowly product. It never occurred to (telephone rings) me,

HI:

I wouldn't say it was a lowly product (telephone rings) I would say it's one of the best moving products, uh. I may be getting a call, I don't know, she might be switching it thru. I'm not sure yet, uh. It's a very good item. It's, it's an item that moves very fast because in the government as you know a great percentage is paperwork. Uh, what we spend, if you'll check the dollar, now percentage wise, for just paper work alone. Do you have any idea what the percentage is?

ML:

No, I guess the numbers are big.

HI:

You better believe it. Paperwork and service which you get are not tangible items. What does it cost to answer a letter of the government? \$16.00 that's the typist's time, the paper, the paper is insignificant, but the handling, etcetera. \$16.00 worth of time and paper. (inaudible) all in the dictation of it. (Inaudible) Um, paper products are very interesting products really because, umm, we have contractors that are marginal and we try to wipe them out because when they are marginal, you know they are using crap. They're not following the specs. They are not delivering on time. Well there are a lot of reasons. And these guys you try to weed out, you weed them out automatically, after a while when you see that you got people like this especially if they are in your bailwork. You want to weed them out because they are a headaches, big headaches and you know damn well that Uncle is, is not getting a fair shake, even though they (inaudible) would rather pay more and get a good item, then pay less and get crap from a guy who you know (inaudible).

ML: Okay. I understand.

HI: But, uh.

ML: I guess.

HI: Yeah.

ML: I guess you probably want to get together with, uh, ZENON and, uh

HI: Uh

ML: Incidentally, you'll have to forgive me but,

HI: Sure.

ML: Is your first name HARRY?

HI: HARRY.

ML: That's what I thought. ZENON thought, he remembered HAL and you know I didn't want to have to call you Mr. IACONETTI so.

HI: HAL?

ML: It's, it's HARRY, HARRY IACONETTI, that's what I thought. Okay, I'm right uh, I don't think you ever left a card with us, so.

HI: No we don't have cards.

ML: Yeah, I think, well, well most agencies don't. There, there must be some reason.

HI: Most of them don't.

ML: They don't, they have identification.

HI: Oh yeah. Identification we have galore.

ML: No card.

HI: No cards.

ML: All right, okay.

HI: Uh, I have to get with you. Um, do you recall the last survey we had? First of all, the recycled paper you had to get a letter.

ML: Yeah. Well ZENON would have virtually everything cause what we've done is he handles all of our government work such as this and he has all of the files on it and he has all the contracts you

you know, filed and if we've got a letter he'll have it. I wouldn't.

HI: Well, all right, as I recall you got it from one of your suppliers. I'm not sure if it was Champion paper.

ML: Probably Champion paper

HI: Most likely it was at the time. All right. Um, also, we have to have a breakdown of the, the tonnage that you are going to use for each type.

ML: Mmm.

HI: Uh, a type of paper, that is, not type of commodity. Uh, we have to break that down and indicate whether you have it in stock or not or whether you can order it or what the turn around time is. What the lead time is on receiving it after ah

ML: Unhuh.

HI: After the purchase order goes in.

ML: ZENON can give you all that information right at his fingertips. He's really heavily involved.

HI: Well you were involved in it last time?

ML: No. All I did was, and I think it was only for the reason that he might have been out that day, we went over some of the, uh, manufacturing capacities and we did some analysis on the production of each machine and the capacity we had and also there was one other thing. You gave me a kind of check list, you know, of those things that you wanted.

HI: Yeah.

ML: I kind of turned them over to him and, uh, so he (inaudible).

HI: Yeah. He took it from there.

ML: Yeah. Is it snowing?

HI: No, I was looking at those clouds there and, uh, it's very cloudy, one weatherman said snow and lots of it. But, uh, I haven't seen any of it, tell you the truth.

ML: I, I think maybe I ought to know one more thing before (inaudible) before you do get together with him, ah, because I can discuss these things with them later. As far as, uh, you are concerned, now you want to wrap up you know, the survey so that you can get the hell out of here and get some other things accomplished.

HI: Yeah.

ML: And he can, can feed the information to you, you know, one, two, three, and any thing that we need you know, that we don't have, you know, you just let us know what you need cause we can get it, uh.

HI: All right.

ML: We won't have any problems, you know, with fulfilling any or all of the requirements really. I think we both know it, so one of the things that I want to do before you do get together with him, is just simply ask you, when we would have to, uh, come up with the, uh, with the money.

HI: When can you?

ML: Anytime!

HI: Okay. That's a good enough answer for me, anytime, anytime you want.

ML: So, you know, it would have to be arranged and so you would just have to let me know.

HI: Anytime you want. That's up to you.

ML: Okay.

HI: I'll, I'll take care of the initial on it.

ML: Okay.

HI: And, uh, uh, (inaudible) as a matter of fact, ah, because, because, ah, it's a good stock and I made money at it back and forth. I like it, and I like the guy because he's wild (inaudible) cause that stock jumps up (inaudible) in a hour's time or down in an hour's time. A guy like this, as long as you know where he's is, ah, maximum or minimum, (inaudible) sell short and buy long, you'll always make money with it. And that's what I've been doing, I've been playing that stock long enough to do that now. I followed it for sometime without ever buying it. Just to see how, my guesswork was on it.

You're kidding.

Conversation between MICHAEL LIOI and HARRY IACONETTI,
February 24, 1975

HARRY IACONETTI (HI)

AL GOLDMAN (AG)

MICHAEL LIOI (ML)

HI: It's closed.

ML: It's closed. (Laughs) How do you like that.

HI: Come over here.

ML: I tell you what.

HI: Come over here.

ML: Why don't we, why don't we go around.

HI: I know another diner.

ML: Ha?

HI: I know another diner.

ML: I'll tell you where we can go.

HI: (Inaudible) I'll drive you.

ML: All right.

HI: I stalled, I couldn't get the car started.

ML: There's one, there's a diner right around the corner here. Right along side our place.

HI: Right.

ML: If you hook a right on this block here.

HI: Okay, oh Jesus, how do you feel?

ML: How, how about you, you were sick, huh?

HI: Oh wow was I sick.

ML: Yeah (whistle noise)

ML: What do you got, the flu?

HI: I got a case of the flu that knocked the living day lights out of me.

ML: No kidding.

Cont.

HI: You know, it was funny, because that weekend I had my kids, you know, all the kids, my grandchild, and I wanted, you know, we had a big dinner planned and the whole bit and uh, it didn't work out. I know one up here, if you want to go.

ML: Why don't we try this, it's closer, it's right down this block. Like, I don't give a shit, any place you want to go.

HI: Yeah, yeah.

ML: But I'll tell you, I'll tell you one thing.

HI: Yeah

ML: I'll tell you what, why don't you, why don't you pull over here a second, let me just get squared away, because may you misunderstood me or something, when I gave you the buzz the first time, basically, all I was trying to tell you, and I was trying to be discreet over the phone, okay, was that, you know, we got ready, uh, you know, a good portion of, you know, of what you had asked us.

HI: Yeah.

ML: Okay and I had it set, okay now

HI: Let me ask you a question.

ML: Yeah.

HI: All right, take it for what you want. If you, or no, maybe not you, maybe Zenon was talking to somebody in GSA about me.

ML: About what?

HI: About the situation.

ML: With what we discussed?

HI: Yeah.

ML: No, GSA, no way.

HI: I'll tell you why, like I said. Nothing is for me and I'm not gonna jeopardize my 23 years of my.

ML: Yeah

HI: My career

ML: Yeah.

HI: So, in other words, uh, you understand what I'm trying to say.

ML: Yeah, look, why don't you pull over then, and let's just talk for a second, because I want to

HI: Alright, I'm up here anyway.

ML: Well, well here's what I'm trying to (laughs), this is ridiculous, you know

HI: Yeah.

ML: Uh, maybe you misunderstood me when I, when I called the first time and said, you know, why don't we get together, but basically, what we did was, you know, since, since you told me, you know, "Well I'm gonna, I took care of it, you know, myself."

HI: Okay.

ML: Alright.

HI: Alright.

ML: I didn't want you to have to wait too long alright, you know, so

HI: I know.

ML: I said.

HI: You haven't got the award yet.

ML: Well.

HI: I wasn't worried about that.

ML: You told me that like, you know, things were in pretty good shape and so, I figured alright its, it's set.

HI: But you know this guy at Commercial.

ML: Yeah.

HI: Up in the Bronx, uh, he's off base, of course you realize that, I mean, he's way out of line, but then, then again it's gonna delay this thing and I'm not, nobody's in a hurry for anything. That's why why I try to tell you this, don't don't first off, if you have any questions, I'll be happy and I know either you or Zenon had a question about after you were awarded or something about getting some samples or that, that's the question I could help you answer.

ML: Yeah.

HI: Just (inaudible).

ML: Yeah, yeah, yeah.

HI: You, take some calls, have the contract go up and send you samples, so you can, you know where to start from.

ML: Yeah.

HI: And uh, you're all set, you know.

ML: Uh huh, uh hum

HI: But uh.

ML: Hey, what is this with the GSA thing, I don't understand, what uh, what happened.

HI: I don't know, um, somebody said that you's spoke, you or Zenon or somebody spoke to somebody in GSA, and I was wondering what that was all about. I couldn't figure it, and I figured, well, uh, uh

ML: Is, is the, is the gal who uh does the uh labor uh portion of it from GSA too? Because maybe that's who, uh, he might have talked to!

HI: No, no, no.

ML: No.

HI: You mentioned that.

ML: That's right, because I mentioned that to you.

HI: (Inaudible)

ML: Umm

HI: I know you're in a hurry and
I know you want to get back.

ML: Well, the only thing is, you
you do whatever you want, all
I did was, make, you know,
okay, we, we, we chatted

HI: Yeah.

ML: You told me what was involved,
alright, you told me to think
about it overnight.

HI: Yeah.

ML: I said fine, so we did

HI: In other words, you agree

ML: And then we talked the next

HI: Without your partners getting
upset about it.

ML: Yeah, right, well no, not me,
hey, we're big boys, they
they knew, I mean, I talked
to them.

HI: Well I thought maybe one of
them might have, didn't like
the idea and uh, spoke to
somebody in GSA. That's what
I was referring.

ML: No way, no way, absolutely not.

HI: You sure about that?

ML: I'm positive, hey, we, we
put it together, now, I didn't
put the whole thing because
obviously, like I told you,
you know, everything is done
by check, okay, but I, I put
together a third of it, you
know, like uh, like three
grand.

HI: Right.

ML: Okay.

HI: Uh, hum

ML: And anyhow, I got, I got the cash, alright, I want to get rid of this stuff, you know because

HI: You don't want to walk around.

ML: I don't want to walk around with it, you know, uh, so, what, what we thought, what we thought we'd do, is uh, you know, give you a buzz, and that's why, because I was going out of town, you know, and I don't want to have to stick it back in the bank and then draw another check or something, you know, because we, we covered it up the first time, you know (cough)

HI: Right.

ML: And, it starts to get, to look a little weirdo, uh, right, now, it's everything is, is smooth, you know

HI: I know.

ML: If an auditor comes in, but I don't want to keep the cash around.

HI: Well, I had meant, I had said, after you get your contract, we'll talk about it, I didn't want to rush those things, like I said, I don't think anybody, anywhere is pressed for

ML: Uh huh

HI: Uh, anything and myself I make it on the market, I'm all, I'm happy, I'm contended, thank God its been (inaudible)

ML: Right.

HI: You know, doing real good, but um, you're certain about no one talking to uh.

ML: I am positive, I am positive other than uh, our our letter response to the uh protest okay.

HI: That's the other question.

ML: That's the only thing that we've done.

HI: Did you send that in already?

ML: Yeah, I sent it when I

HI: You know, I know you had 'til the 23rd post marked.

ML: Yeah, I I know, yeah, I sent it it that day, that we got it, well no not the day we got it but that following Monday or so when I called you and you asked me about it and I said yeah, we responded and I

HI: Yeah.

ML: Sent two copies to DiGiacomo's uh to DiGiacomo's Office and I sent the response to Dumling.

HI: Yeah.

ML: At uh GSA, yeah, yeah, you can, you can take a look at it, I got a carbon of the thing. But here, here's the scoop anyway, so, I I thought we, you know, we were on the same wave length, and you know.

HI: We were and we weren't because I'll tell you why, like I said, I I've got 23 years in and I don't want to jeopardize it, and from what I heard somebody in your company had spoke to somebody else.

ML: Well, that's uh.

HI: And I thought it was concerning that, I thought maybe Goldman, who is it Goldman or ah,

ML: Al, yeah.

HI: Al, yeah, thought maybe he might have been a little disgruntled or zenon or somebody and uh.

ML: No way.

HI: You sure?

ML: I'm positive

HI: You you wouldn't

ML: Absolutely, no way, because I'll tell you why, first place, Al doesn't get involved, and really neither do I, in the GSA portion, only Zenon does, and if any conversations occurred, you know, that I'm even unaware of, they would be of a, of a normal nature, uh, you know to either ask something, but I know damned well that since the last time we talked to you, other than just sending by letter, and, of course, I told you, I had telephoned, I had telephoned uh DiGiacomo's Office and I mentioned this to you also on the phone, to ask them, you know, you guy's get two copies I see.

HI: Well there was a record of a phone call that you called them, I know that, but there was also records from our division to you.

ML: And I spoke not with, not with DiGiacomo but with the guy under him, and he said, okay, fine, you know, good, yes, two copies come to us, and that was about it, I'd say that that's the last contact that we probably had.

HI: I don't know, maybe somebody's just uh writing in phone calls that they didn't make, that's all, that's what I was concerned about, and like I said, uh, I'm, I really don't want to jeopardize my 23 years with the government for.

ML: Uh huh

HI: Somebody being disgruntled about anything, you know what I mean, you can understand that.

ML:

Yeah, yeah, absolutely, alright, look, you can do one of two things, if you want, I can meet you for a cup of coffee anyplace you want, tomorrow morning, alright, before I, I depart and you can call me in the morning, alright, or we can go back to my office now, you know, before we close up and just me and you in my office and, then I, I take off probably around eleven, eleven thirty tomorrow morning.

HI:

You're leaving early tomorrow morning?

ML:

Yeah, well I'm gonna try. I'm actually not flying, I'm, I'm driving, I'm gonna drive down to Phillie and I'm gonna go down to Virginia and so, I'm coming in the morning first, I want to visit some people, not only that we're doing business with, but some people that we want to contact, and or we haven't done any business with yet, you know, I'm trying to drum up a little business.

HI:

Yeah.

ML:

Beat the bushes, so, we, as I say, we can we can uh uh pick up tomorrow morning, you can drop me off back at the at the, at the plant.

HI:

I'll drop you off anyway.

ML:

Okay, you can give me a buzz and uh, we can either meet uh at that place or any other place, uh, I just, I just, now have the awkward problem of having it, okay, I wanna, I wanna get rid of it.

HI:

Oh, I see, in other words you would feel more comfortable if I took it now or wait til tomorrow or when you come back.

ML:

That's, that's up to you. If you want to, want to shoot back to the office, I can, I can, I can pick it up and uh, uh got it in my desk drawer and that's the end of of that, or tomorrow morning, either way, you wanna do it, I'll tell you what, why don't you give me a call tomorrow morning.

HI: Either way.

ML: Alright.

HI: It's easier (inaudible)

ML: Alright.

HI: Because I'll tell you why, not that I'm skeptical, Mike, but I don't know, it's just that somebody had made calls and, and then the records proved that somebody made some statement, yesterday, and its

ML: I would, I would doubt that, I would doubt that very very much

HI: Well, it's, I don't know. You know, this is the first time, well, it's unusual, hay, let me put it that way, that uh.

ML: You see, only, only Zenon really handles the business and Zenon and Al and myself

HI: Well Zenon would talk to you first, wouldn't he?

ML: C no question about it.

HI: And he didn't, were any either of the two disgruntled about the fact.

ML: No way, no way.

HI: This is, this will get back in you hands double, take my word for it, I know, I know where the problems that can come up, I know how much can be, uh, you know, I know the story and it's uh it's something which, a firm like, uh, let me reverse this, let me say it in another way, you just hop in my shoes, and you get wind of a call and nobody has any record of it in you company, what would you think? Somebody's setting you up.

ML: Maybe, I I don't know (laugh) but I'll tell you this much.

HI: Yeah.

ML: Um, I would be willing to bet other than uh for a strict, you know, business purpose, Zenon certainly has had no contact, because basically, we're waiting and, and that's it, we got no reason, you know, all questions have been answered, we got no reason to uh, to call

HI: Now (inaudible)

ML: And certainly if we did call, alright, for any reason, we'd probably now, the way it's set up, ask for you, and if you weren't there, we'd just leave a message and ask you to call us back. Uh, and that goes for each of the three of us. I don't know.

HI: Well, would you take the precautions that I, I find necessary.

ML: Yes, of course, I think that's understandable, that's why I say, it's better for you to give me a buzz tomorrow morning, okay, and you, uh, you know, you can, you can tell me, uh, within the space of 15 or 20 minutes, where, you know, what diner, okay?

HI: Well, that doesn't make a difference

ML: Or where you are, or you, or you can, or you can come up and uh and see me in my office, you tell me

HI: I've got something to reproduce anyway I have to get a copy of something, we could come up there now, anyway, just to talk for a few minutes.

ML: Okay

HI: Driving around is not the most conducive manner of talking anyhow.

ML: Fine.

HI: Do you know, like, as I said, Mike, I happen to like you very much and I would like to see you really, your company go ahead and do a lot, but uh, is it alright to park here.

ML: Yeah, you can park here.
We don't use these bays
after the morning trucks
go out.

HI: Oh good (inaudible)

ML: Yeah, any, as a matter of
fact, it's really only
during the uh morning where
we've got our own trucks
loading up and pulling out.

HI: I see.

ML: After that, once they get on
the road, they generally don't
come back until late afternoon.
They won't come back to these
bays anyway, when they come
back, they go in the other side.

HI: Oh.

ML: So, but, it's only these three,
it's only these first three
that we have, the rest are
other companies.

HI: Oh.

ML: So you don't want to block
one of those up.

HI: Alright, good enough. I'll
make up. I need a copy of
something. Then like I said,
I want to make a phone call,
because I want to. Oh, Jesus.

ML: Okay.

HI: Oh, where the hell is this
thing.

ML: Well, I'll tell you.

HI: Great (inaudible)

ML: Okay. Wow, you got a whole
file case here in the trunk.

HI: We work out of our uh trunk
believe it or not

ML: Well, I can see that.

HI: It's like an office. Now,
what did I do with that one
sheet. Yeah, well it's all
Okay (inaudible)

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UM: I had just wanted to ask you something. Tomorrow we'll take care of your uh estimate?

ML: Yeah, as a matter of fact, I we just about completed it today, and I got tangled up on a few things, but I'll explain.

UM: No, I'll take it.

ML: I'll explain.

UM: (Inaudible)

ML: Pardon me.

UM: (Inaudible)

ML: See ya.

UM: Alright.

(Long pause)

UF: You didn't stick anything in here?

ML: Besides that paper?

UF: John Brown

ML: (Yawns)

UF: (Inaudible)

ML: I don't think so. You want to just clip that to it. You know, clip that note onto it.

(Long pause)

UM: (Inaudible in background)

ML: Hey.

HI: Hey.

ML: Hi

HI: Zenon would like a 105, (inaudible) 105D. I think I may have one in the car. If I have you can have it.

ML: Uh huh, okay.

HI: And I'll pick up another one somewhere.

ML: Okay, let me check

HI: Then you are coming out to pick up the 105?

ML: Yeah, I will.

UM: (Inaudible)

ML: Oh.

UM: (Inaudible)

ML: Okay, now we can talk for a couple of seconds.

HI: Yeah.

ML: So, anyway, did you, did you mention that to.

HI: No I didn't

ML: No, I don't.

HI: He had a call.

ML: Yeah, did he?

HI: He said he did. He spoke to somebody about something or other, but he wasn't sure what it was. Mike, you don't blame me for feeling this way because uhm, uh, how can I explain it to you, it's uh something which, if you put yourself in my shoes you wouldn't want to.

ML: Yeah, I can understand your wanting to be as cautious as, you know

HI: 23 years of your life is a career to me right now.

ML: Uh hum.

HI: That when I retire, and like I said, maybe come to work for you as a sweeper or something

ML: (Laughs)

HI: You know, um, but uh, it's that one call that bothered me, and that's what I'm

ML: Who actually called, I mean what what is it that.

HI: Well.

ML: What happened.

HI: We, we make records of calls.

ML: Yeah, you log them in, like any organization.

Cont.

HI: (Inaudible)

ML: Yeah.

HI: There's one call here that nobody seemed to have gotten and I saw it logged in, and I didn't know who, who was called. It didn't have the person contacted. It could have been uh possibly that nobody was there to conduct the call.

ML: You mean at your place?

HI: Yeah, heh, it's uh a situation where uh, in every organization, they have one individual who is a real ambitious individual

ML: Right.

HI: Looking to really get ahead.

ML: Right.

HI: And doesn't care how, or who he steps on or who he may hurt or whatever's involved, and uh a guy like this is uh, he doesn't last very long in the organization, but while he's there, he's a real pain in the neck.

ML: Uh huh.

HI: Every organization has a pain in the neck.

ML: Yeah.

HI: I'm sure your organization has a pain in the neck

ML: (Laughs)

HI: But uh, our organization has a pain in the neck (laughs) uhm that's the reason.

ML: He's not on the, he's not on the team is what you're telling me.

HI: Yeah, so to speak.

ML: Right

HI: He's not on anybody's team any where.

ML: He's on.

HI: Any team.

ML: On his own.

HI: He's on his own. Well, yes, he's on his own.

ML: Uh huh.

HI: And uh, you know (inaudible)

ML: Uh huh, well how do you guys get around, working around him? You know, unless he's just a nobody.

HI: Well we, well, yeah, well, like I said, there are people who are very ambitious nobodies that want to become somebodies. (inaudible)

ML: Yeah, yeah.

HI: They don't care who they hurt.

ML: Yeah.

HI: They may be hurting uh innocent people. And uh it will be wrong, not that innocent people don't make a difference because uh, no matter how you look at it, uh I know many times of my own situations where uh, I've taken short cuts.

ML: Uh huh.

HI: Because of the short cuts I've saved maybe twice as much or three times as much on what I wanted to accomplish and it worked the same way, but nobody really gets hurt. However, certain individuals like to (inaudible)

ML: Right.

HI: Without even nothing. And that's why I asked you that question the other day, because that was the thing that was primarily, that I was concerned with.

ML: Uh huh.

HI: And then I got a little bit um disturbed because the call was registered, but nobody here accepted it.

ML: Nobody in your office accepted it, it was just.

HI: Here.

ML: Here?

HI: Yeah.

ML: What does, what does that mean?

HI: It was logged in as a call, but when I asked you what, whether,

ML: Oh yeah, in other words, we're saying we didn't make such a call.

HI: No, you didn't receive such a call.

ML: It was a call to us?

HI: To you.

ML: Oh, I thought it was call from us that you were.

HI: No, to you.

ML: No, the only call that we would receive.

HI: Was from the labor.

ML: Was from the labor department.

HI: Right.

ML: And that gal came, you know and did uh a survey

HI: Right.

ML: She called a couple times, and she called again after, I think today as a matter of fact

HI: (Inaudible)

ML: Or yesterday.

HI: (Inaudible)

ML: Right, right, right.

HI: Right.

ML: And and and forms and reports and (laughs), good grief.

HI: Well, you see why I'm cautious.

ML: Yeah, I understand, I understand, okay.

HI: Like I said, I don't want to see innocent people get hurt and I don't want to see people, innocent or not, get hurt, for that matter.

ML: Don't want anybody to blow the cover.

HI: Well, whatever the case may be.

ML: Yeah, alright.

HI: I have a lot of faith and trust in you Mike, otherwise I wouldn't be talking to you right now.

ML: Uh huh.

HI: I wouldn't meet you up here.

ML: Yeah, I, I, I noticed something you know, kind of strange, you know, cause I had given you a call to, you know, say just let's get together you know, I wanted to be discreet about it, uh, and uh, you know, you said okay and then you were gonna be tied up, alright, you know, and uh I was going out of town, and you know, I I wanted to uh to take care of things you know, uh, even though you said, you know, well, in effect, you really left it up to me, you said, as to when you know, we wanted to come up with it.

HI: Uh huh

ML: And we kind of wanted to show, you know, uh, good faith, uh, you told me that uh you had to lay out on front end you know.

HI: We, what is that red light on that thing.

ML: That is uh, an intercom, okay, all, ya know, each person uh of any importance has one.

HI: One for every room.

ML: Yeah, and that's an in use button, okay, somebody is talking to somebody else on the system.

HI: You don't use it, in other words, you.

ML: I I can.

HI: You can't use it at the same time.

ML: You can't use it at the same time, no.

HI: That's what the red light's for?

ML: That's what the red light's for, to give you a warning or you'll over

HI: Probably the last time I was

ML: Yeah, that's what it is.

HI: I heard, I didn't know what the heck I was (inaudible) I understand that's a type of intercom, that's why.

ML: These three offices have uh, a privacy button on it so that even if we're not using it, you can't just press the button and hear what's in the office, uh, but I can, like for instance, if I press the platform button I can hear the noise on the platform, or if I press my plant manager's button (telephone ringing in background) I can hear uh, the plant (telephone ringing in background) manager's office because there isn't the privacy button, but that round knob is pulled out, alright, when that round knob is pulled out, that's total secrecy, so that's the red light is on-off in use.

HI: Right.

ML: Yeah. I'll have to call him back, right. So that's what that is, it's an Executone System, typical, you've probably seen them in other plants.

HI: (Inaudible)

ML: Yeah, that's the same outfit. Yeah, yeah, yeah, well the system was in long before we ever came and, of course, we put our own intercoms in on the phone, but just between the three of us so we could buzz one another, we don't have to talk over this, uh, because when you talk over this, it's a loud speaker, you know, and so like if you wanted somebody else in the office not to hear something, or you just wanted to say something privately, you couldn't use that damn thing, you know.

HI: Sure.

ML: It blares out. Alright, well look, I have it.

HI: You want to come out with me to the car.

ML: Any, anything you want (Laughs)

HI: This way you can have the 105 if I've got it.

ML: Okay.

HI: Zenon made a uh, uh I showed Zenon how to make up the report.

ML: Uh huh.

HI: So this way, in case any one ever comes in at any time

ML: Alright, fine.

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HT: Right, see he, he, he's been hurt, he's had \$5,000,000 a year and he knows he's gonna get nothing and he may not get anything for many years to come.
 ML: Yeah.
 HI: But he doesn't want to go out of business, made a big stink I got 200 and some odd people.
 ML: Right.
 HI: And so forth.
 ML: Well, in my letter, I uh, I said, I too can make the same statement, that 200 people depend, you know, on this, and I said, and and my statement ought to be given the same weight as his, none, because it doesn't matter how many people you have, you make a bid, you mail it, it's got nothing to do with it, you know.
 HI: You're right.
 ML: So anyway, okay, let's go.
 HI: We got this 185 thing downstairs, will do, I'll get my coat.
 ML: Okay, I'll get mine.
 HI: Oh wait, mine's in the car.
 ML: Fine
 (Pause)
 HI: (Inaudible)
 ML: Okay, (Pause) I'm to give it to him down in his car. (Pause) Oh, I was just looking for you. okay
 (Inaudible voice)
 ML: Alright, fine, let's go, let's go, I got to get, I got to do some work tonight, I got to get ready.
 HI: About what.
 ML: Taking off, getting out of here, do a little road work, drum up a few sales.
 HI: Well.
 ML: You know, most of my.
 HI: Don't your salesmen handle that?

ML: No, you know, we don't have any salesmen, we do it ourselves, or we have to date, we just hired a uh, what we call a regional sales manager, he's the first guy uh and uh he, he was sitting out here, the guy with the bald head.

HI: He was sitting out here?

ML: Uh yeah. He's uh, he's been in the paper uh industry, uh, his, uh, father used to have a paper merchant house, not a manufacturer, but a paper merchant house, and uh, so, they went under in '72

HI: Oh.

ML: And he's been kind of bouncing around and

HI: Yeah.

ML: We, we decided he would make a great sales rep, you know.

HI: I see.

ML: So he's the first salesman we've ever had.

HI: Yeah, I never saw him before and I uh didn't know who he was, really, okay, and my copy should be in here.

(Pause)

HI: (Inaudible)

ML: Huh.

HI: I don't have it here, it's got to be in the other one. I, always like to have a 105. (Pause) Now what, it isn't here. (Pause) Okay, you got the latest edition with the amendment.

ML: Alright.

HI: Let me just make sure if that's the one, because, '63, November, how about (inaudible) yea, these are all the charts. He's only got to be concerned with just this, these charts right here, tell him, he doesn't have to worry about the rest of them. Just read the first few pages.

ML: Okay.

HI: And just handle, this one, on page 9, and here, just this, it's all you'll need.

ML: Alright.

HI: You don't need anything else. And it's all yours. I'll get another one.

ML: Alright.

HI: He was worried about that anyway.

ML: Alright, now here, here's what I got, okay.

HI: Uh, yeah.

ML: I got here, put it in your pocket.

HI: No, put it down in there.

ML: Okay.

HI: Just because yeah.

ML: Okay, I got three.

HI: Great.

ML: It's three grand, alright.

HI: Yeah.

ML: In cash.

HI: Yeah.

ML: Alright and uh, the.

HI: I hope you don't mind my being so.

ML: I don't mind.

HI: It's just a matter of, uh, like I said, I have the, I got 23 years to worry about.

ML: Alright, now the other uh, what'd we say, total, uh, 95 hundred or ten, what was it rounded.

HI: I don't even know, well, something like that.

ML: Something like that.

HI: I wouldn't worry about a few.

ML: Alright, so the other two thirds, alright, er, maybe when I come back from my trip.

HI: Don't worry about it because I'll tell you why, they hate uh any problems, they were very happy, you will get it all back.

ML: Yeah, alright.

HI: There's no sweat about it.

ML: Okay.

HI: Okay.

ML: Done

HI: Alright.

ML: See ya.

HI: Who are these fellows Mike?

ML: I don't know.

HI: Mike, Don't do that.

Unknown male (UM): **** Chandler, FBI, sir,

HI: Fellows.

UM: Put your hands up against the car, please. FBI.

HI: Hey, hey, fellows, please, oh come on.

UM: Come on.

HI: Come on, Mike, Mike.

ML: Harry, you did it to me, Harry.

HI: I didn't do it, please, so help me God, please Mike don't do this to me.

ML: Harry, you know what you told me.

HI: Don't do this to me, fellas, please, I mean, I mean, please don't please, please, don't do this to me.

UM: You have the right to remain silent, anything you say can be used against you in a court of law.

HI: Fellows, please.

UM: You have a right to an attorney.

HI: Mike, please don't do this to me.

ML: Harry, you gave me zero choice.

AFFIDAVIT OF MAILING

STATE OF NEW YORK
COUNTY OF KINGS
EASTERN DISTRICT OF NEW YORK } ss

CAROLYN JOHNSON

being duly sworn,

deposes and says that he is employed in the office of the United States Attorney for the Eastern District of New York.

That on the 20th day of April 19 76 he served ^{two copies} ~~copy~~ of the within Government's Appendix

by placing the same in a properly postpaid franked envelope addressed to:

Leon Dicker, Esq.
400 Madison Avenue
New York, N. Y. 10017

and deponent further says that he sealed the said envelope and placed the same in the mail chute drop for mailing in the United States Court House, ^{225 Cadman Plaza East} ~~Washington Street~~, Borough of Brooklyn, County of Kings, City of New York.

CAROLYN JOHNSON

Sworn to before me this

20th day of April 19 76

Sylvia E. Morris
SYLVIA E. MORRIS
Notary Public, State of New York
No. 24-4503861
Qualified in Kings County
Commission Expires March 30, 1977